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THIS CHAPTER
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FROM

The New Rules of Green Marketing: Strategies,
Tools, and Inspiration for Sustainable Branding



BY Jacquelyn A. Ottman

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To contact the author, Jacquie Ottman, directly, email her at info@greenmarketing.com or call in the U.S.: 212 879 4160.

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Greenleaf Publishing, Aizlewood's Mill, Nursery Street, Sheffield S3 8GG, UK
Tel: +44 (0)114 282 3475 Fax: +44 (0)114 282 3476
info@greenleaf-publishing.com <http://www.greenleaf-publishing.com>





Green is now mainstream

Back in the 1960s, trying to lead an environmentally conscious lifestyle, and especially integrating green into one's shopping, was a very fringe phenomenon. But it's now decidedly mainstream – and changing the rules of the marketing game in a very big way. Set in motion by Rachel Carson's seminal book *Silent Spring* (1962), the clichéd forerunners of today's green consumers lived off the nation's electric grid, installed solar-powered hot-water heaters on their roofs, crunched granola they baked themselves, and could be spotted wearing hemp clothing, Birkenstocks, and driving a Volkswagen bus. Whatever greener products were available – mostly from fringe businesses, and sometimes manufactured in basements and garages – gathered dust on the bottom shelves of health food stores for good reason: they didn't work, they were pricey, and they sported brand names no one had ever heard of. Not surprisingly, there was little demand for them. The natural laundry powders that were introduced in response to the phosphate scare of 1970 left clothes looking dingy, first-generation compact fluorescent light bulbs sputtered and cast a green haze, and multigrain cereals tasted like cardboard. If you were motivated to recycle, you lugged your bottles and daily newspapers to a drop-off spot inconveniently located on the far side of town. Green media was limited to treasured copies of *National Geographic*, PBS specials of Jacques Cousteau's underwater adventures, and the idealist and liberal *Mother Jones*, *Utne Reader*, and *New Age* magazines.

That was then. Times have changed – a lot, and with them the rules of green marketing. Today, mirroring their counterparts around the world, 83% of today’s American adults can be considered at least some “shade” of green.¹ They enjoy a lifestyle where sustainable choices are highly accessible, attractive and expected. Thanks to advances in materials and technology, today’s “greener” products (defined as having a lighter impact on the planet than alternatives) and today’s more “sustainable” products (those that add a social dimension, e.g., fair trade) now not only work well, they likely work better and more efficiently than their “brown” counterparts.

Moreso, the channels of distribution have changed. Today, sustainable products are readily available in conventional supermarkets such as Fred Meyer and Safeway, brightly lit emporiums such as Trader Joe’s and Whole Foods Market, and of course online. Once confined to rooftops, solar power is now mobile, fueling a modern-day, on-the-go lifestyle embedded in cell-phone chargers, backpacks, and even the latest fleet of powerboats. Once confined to the tissue boxes or wrappers of days gone by, recycled content is now good enough for Kimberly-Clark’s own Scott Naturals line of tissue products and Staples’ EcoEasy office paper, not to mention an exciting range of many other kinds of products from Patagonia’s Synchilla PCR (post-consumer recycled) T-shirts made from recycled soda bottles, and even cosmetics packaging like that made from recycled newsprint which embellishes Aveda’s Uruku brand, to name just a few.










The green market is not just here to stay, it will also grow and mature, evolving the rules of engagement even further. Knowing how best to cater to today’s green consumers will bring significant opportunities to grow your top-line sales and revenue growth and increase your market share among the fast-growing numbers of green consumers, as well as to save money, enhance employee morale, and recruit and retain the brightest minds. As we’ll discuss throughout this book, it will also stimulate game-changing innovation, and the ability to enhance your corporate reputation. Embrace sustainability – defined as acting today so that future generations can meet their needs – and enjoy long-term markets for your products, while safeguarding the sources of raw materials on which your very business depends.

Everyone is worried

Green has gone mainstream because more people are worried about sustainability-related issues than ever before. Reflecting awareness that has been steadily building over the past 20 years, the general public is beginning to comprehend the impact these issues will have on their lives now, and in the years ahead – and is starting to act.

Figure 1.1 **Top environmental issues of concern**

% U.S. adults indicating that the following issues concern them

		2009 %	2005–09 % change
Water quality		67	–1%
Hazardous, toxic, and nuclear waste		61	–6%
Pollution from cars and trucks		54	+2%
Water conservation		53	+10%
Deforestation		52	+8%
Global warming or climate change		50	+2%
Overpopulation		50	+28%
Reliance on fossil fuels		47	+18%
Lack of open space or urban sprawl		37	+42%

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Historically, green marketers believed that people worried about the environment because they felt the planet was hurting – and their communications reflected as much. (Recall all the ads of days gone by featuring babies, daisies, and planets.) But today's marketers increasingly realize that consumers really fear the planet is losing its ability to sustain human life; they fret about their own immediate health, and that of their children. (Keep

in mind that the planet will always be here!) That's why health-related issues such as water quality, hazardous waste and air pollution, water availability, global warming, and overpopulation top the list of environmental concerns consumers fear most (see Fig. 1.1).

This fear has been building for a long time. Toxic waste poisoning the water and community of Love Canal in New York State and the Cuyahoga River's catching fire in Cleveland, Ohio in 1972 put air and water quality at the top of Americans' worry list. Throw in the plight of the Mobro garbage barge that in 1987 searched in vain for a port, and packaging became a worry, too. The devastation wrought by Hurricane Katrina to New Orleans in the summer of 2005, Al Gore's 2006 Oscar-winning movie *An Inconvenient Truth*, and a steady stream of news reports that the Earth is warming and the ice caps are melting introduced the frightening prospect of climate change into living rooms. As I write, America deals with the aftermath of the BP oil spill in the Gulf of Mexico with projections of devastation worse than the *Exxon Valdez* oil spill of 1989.

Toxics – whether they are generated far away in industrial plants or reside in cleaning products tucked under the kitchen sink – are firmly planted on the list, too, fanned by a steady spate of scares over such chemicals as asbestos, PCBs and their dioxin and hormonal effects, perchloroethylene (“perc”) used in dry cleaning, polyvinyl chloride (PVC), phthalates, the softening agent in plastic toys, and, most recently, bisphenol A (BPA), which was linked to fetal developmental problems, a discovery that led water bottles and baby products to be whisked from retailer shelves.

Limited supplies of natural resources and rapid population growth bring up the rear on the list of top scares. Save a watt! Save a tree! Save a drop! Consumers fret about dwindling resources of fossil fuels and increased dependence on foreign sources, depleting supplies of fresh water, and deforestation and, increasingly, its link to climate change. Gas prices in the U.S. spiked to over \$4 a gallon during the summer of 2008 and many drivers fear such price increases may be just the beginning.

Every generation is green

One's behavior reflects one's values, and “sustainability” – caring for nature and the planet and the people who live here now and in the future – is now a core value of every living generation, starting with the Baby Boomers who led the green charge back in the mid to late 1960s. As important as Baby Boomers

are to environmental activism as the nation's primary household shoppers and societal leaders, the potential impact to be made by the Internet-savvy Generations X, Y, and Z may be the most significant yet.

Baby Boomers: The first modern green generation

The heads of millions of U.S. households, the Baby Boomers, have long led the green movement through the values and attitudes they have instilled upon society and have imparted to their children and grandchildren. Born between 1946 and 1964, and ranging in age from 46 to 64 in 2010, the oldest Boomers, as college students and young adults, led the anti-Vietnam war, anti-big business, and pro-environment activist movements of the late 1960s and early 1970s. The brainchild of the then senator Gaylord Nelson, Earth Day was first celebrated by the Baby Boomers in 1970 followed by the first Solar Day in 1971. Their demonstrations of concern gave rise to the National Environmental Policy Act of 1969, the founding of the U.S. Environmental Protection Agency in 1970, the Clean Air and the Clean Water Acts that same year, and the Endangered Species Act of 1973.

Then came the Middle East oil embargo, marking the beginning of the energy crisis of 1973–75, which sharpened the Baby Boomers' focus on the need for smaller, more fuel-efficient cars and renewable forms of energy. In 1979 the release of the fictional *The China Syndrome*, a movie about safety cover-ups at a nuclear power plant, serendipitously opened two weeks prior to the partial core meltdown at the Three Mile Island nuclear-generating station near Harrisburg, Pennsylvania. Today, over half (54%) of Baby Boomers are considered to be “socially conscious shoppers.”² That's 40 million green Boomers who choose organics, pluck resource-conserving products off the shelf, boycott the products of companies that pollute, and “pro-cott” the products of companies that give back to the community.

Generation X: Eyes on the world

Raised during the emergence of CNN which brought global issues into living rooms 24/7, Generation Xers (Gen Xers, also known as the Baby Bust generation) were born between 1964 and 1977 and are 33–46 years old as of 2010. Counting among them actors Leonardo DiCaprio and Cameron Diaz as two of the most outspoken environmentalists of their generation, Gen Xers see environmental concerns through a lens that aligns social, educational, and political issues.

In 1984, the Gen Xers witnessed the fire in a Union Carbide plant in Bhopal, India, which took over 3,000 lives and is thought to be still causing

serious health problems today.³ In 1985, the Live Aid concert organized by musicians Bob Geldof and Midge Ure broadcast the need for famine relief in a desperate Ethiopia to an unprecedented 400 million worldwide – and opened the eyes of millions of Gen Xers residing in developed nations to the horrors taking place in developing countries. In 1986, Gen Xers also experienced the aftermath of the explosion in the Chernobyl nuclear power plant. And in 1989, their same televisions showcased the devastation wrought by the *Exxon Valdez* oil spill in Prince William Sound, Alaska, and they were likely aware of events such as the Rio Summit of 1992.⁴

Generation Y: Digital media at their command

The likely new leaders of the modern-day green movement are the Generation Ys, born between the early 1980s and the early 1990s, and in 2010 ranging in age from 20 to 30 years old. This tech-savvy generation of Gen Ys (also known as Millennials) grew up with computers and the Internet. Distrustful of government and authority, they are quick to challenge marketing practices they deem to be unauthentic or untruthful. With the ability to express their opinions through blogging, texting, and social networks, they are capable of mustering immediate responses from millions around the globe. The offspring of the Baby Boomers whose social and environmental values they share, today's young adults lived through the Hurricane Katrina in 2005 and the BP Oil Spill in the Gulf of Mexico in 2010, and share awareness of the Great Pacific Garbage Patch, a mass of plastic trash whose exact size is estimated to be bigger than the state of Texas. Like their counterparts in other generations, Gen Ys believe that global climate change is caused by human activities and they are almost twice as likely to buy more green products than those consumers who think climate change is occurring naturally.⁵

Green is an integral part of this generation's college experience. Many schools have signed the American College & University President's Climate Commitment,⁶ and legions of students are engaged in newly created environmental studies programs and in campus sustainability initiatives. Reusable water bottles and coffee mugs are ubiquitous on college campuses where many savvy companies are reaching out with sustainability messages to students who will soon become householders with significant incomes. Not content to sacrifice all for the almighty dollar, Gen Ys seek to balance "quality of life" and the "quest for wealth";⁷ they seek to work for socially conscious employers.

Generation Z: Green is a natural part of their lives

Suggesting that green is here to stay are Generation Z; the first generation to be brought up in an environmentally conscious world, green is a part of their everyday life. Generation Zs, those currently under the age of 16, think nothing of living in solar-powered homes with a hybrid car in the driveway. Learning about environmental issues in school, they were likely exposed to *The Story of Stuff*, a 20-minute animated video that divulges the environmental impact of our daily consumption. For Gen Zs, sorting paper and plastic for recycling is as natural a daily activity as taking out the trash was for their parents. In school and at home the 3Rs of waste management, “reduce, reuse, and recycle,” are as common as the 3Rs of “reading, writing, and ’rithmetic.” Environmentally sensitive cleaning aids, locally grown produce, and recycled-paper goods top their parents’ shopping lists. Clothes made from organically grown cotton and biobased fibers are part of the Gen Z uniform.












Green behavior: A daily phenomenon

With every generation now espousing sustainable values, environmentally considerate behavior is becoming the norm. As detailed in Figure 1.2, in 2009 nearly all (95%) of Americans are involved in various types of, albeit mostly easy, environmental activities they can do at home, from dropping empties in the recycling bin (recycling is now accessible to 87% of Americans),⁸ to replacing an incandescent light bulb with a compact fluorescent lamp (CFL), or light-emitting diode (LED). (A scheduled phase-out of incandescent bulbs will begin in the U.S. in 2012.) They turn off the lights, nudge the thermometer down a degree or two, and turn off the tap when brushing their teeth.

Driven by higher gas prices and corporate carpooling programs, as of 2009, 23% of U.S. adults now claim to share rides to work (thanks in part to corporate rideshare programs), nearly one in four consumers takes the bus or subway, and 31% now claim to walk or ride a bike instead of driving a car. Thanks to new awareness of the harm caused by plastic shopping bags that choke marine life or wind up as litter, and incentivized by monetary rewards at the checkout, peer pressure, and even a desire to make a fashion statement), as of 2009, nearly half (48%) of U.S. adults claim to regularly take reusable shopping bags to the grocery store, up 30% from 2006. Importantly, almost half (46%) of consumers maintain that they regularly boycott a brand or company that has environmental or social practices they do not like, up

Figure 1.2 **Top consumer environmental behaviors**

% U.S. adult population indicating they regularly (daily/weekly/monthly) do the following:

		2009 %	2006–09 % change
Conserve energy by turning off lights		95	NC
Turn off electronics when not in use		90	-1%
Conserve water		85	+2%
Recycle all or most plastic bottles, jars, etc.*		65	+9%
Recycle all or most paper (e.g., newspapers)*		61	+3%
Take own bag to the grocery store		48	+30%
Boycott a brand or company that has practices I don't like		46	+17%
Walk or ride bike instead of driving a vehicle		31	+5%
Compost kitchen scraps and garden waste		27	+2%
Carpool		23	+8%
Take public transportation (e.g., bus, train, etc.)		17	+4%

* Change versus 2007. Recycling behavior measured in quantity not in frequency.

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17% since 2006. Big-name companies have become easy targets for activist groups. Exxon, McDonald's, Coca-Cola, Wal-Mart, and Kimberly-Clark are just a few of the big brands that have all been castigated by Greenpeace and other activists for deficient environmental or social practices, including excess packaging, high sugar content, unfair labor practices, and unsustainable forestry operations. Once negative perceptions are created, they are almost impossible to reverse. Who still fails to link Nike to unfair labor practices or Exxon to the Alaskan oil spill?

Green voters and citizens

Concern over the state of the environment has swayed an unprecedented number of voters and has prompted citizens to volunteer in their communities. Broad swaths of citizens voted with the environment in mind when they supported Barack Obama in 2008 for taking even greener positions at the heart of his platform than had Al Gore. Support for such issues as mitigating global warming, curbing nuclear power, limiting offshore drilling, reducing ethanol production, and improving food and product safety have helped to propel green Congressional candidates in both the 2006 and 2008 elections.⁹ To boot, since 2006, over 80% of candidates endorsed by the League of Conservation Voters have won seats in the House or Senate, while 43 out of 67 candidates identified as anti-environmental were defeated.¹⁰

Earth-shattering events that have occurred since the start of the new millennium such as the terrorist attack on 9/11, Hurricane Katrina, the wars in Iraq and Afghanistan, and the Indian Ocean tsunami have led to a skyrocketing number of applications to service organizations such as AmeriCorps and the Peace Corps – and the BP oil spill in the Gulf of Mexico now materializing will likely trigger a similar outpouring. Applications to Teach for America, an organization that serves neglected urban and rural areas, reached almost 19,000 in 2006, almost triple the number in 2000; in 2005 the Peace Corps added almost 8,000 volunteers (the largest group in 30 years), from 11,500 applications, up 20% over the year 2000; and AmeriCorps VISTA (Volunteers in Service to America) had a 50% increase in job applicants from 2004 to 2006.¹¹

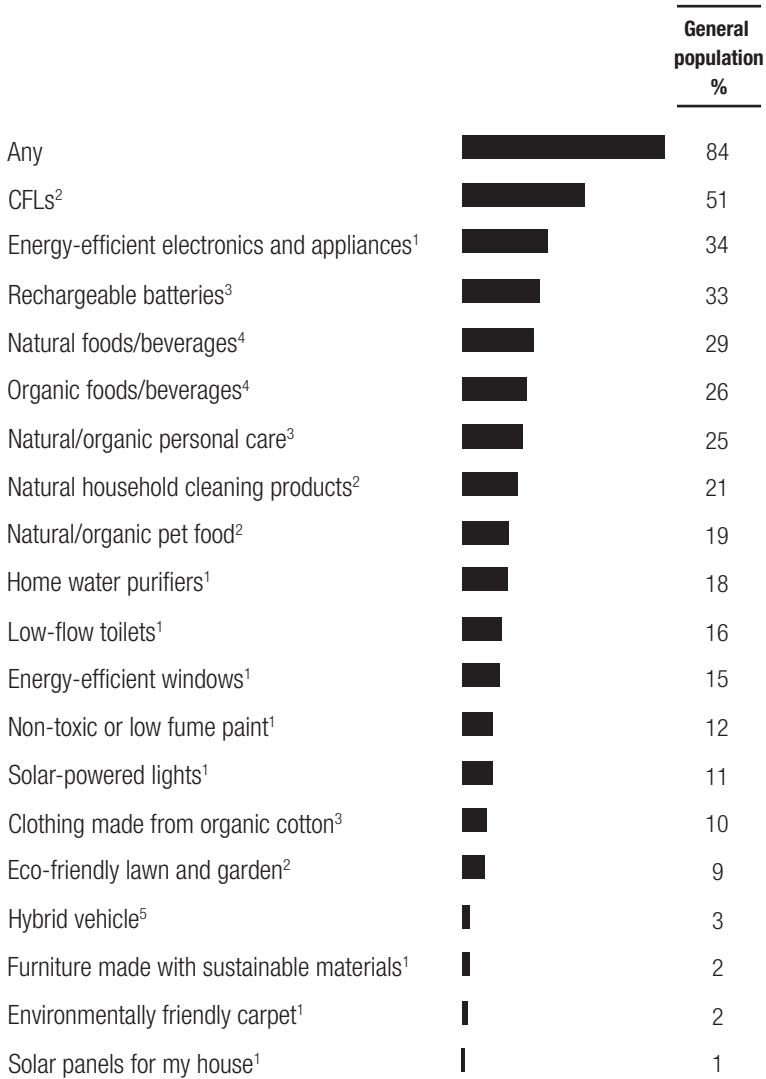
Shopping goes green

The rules are changing – and shopping lists along with them. An overwhelming majority (84%) of shoppers are now buying some green products from time to time, fueling mass markets for clothing made from organically grown fibers; organically produced foods; cold-water and ultra-concentrated detergents; natural cleaning, personal-care, and pet-care products; air- and water-filtration devices; low-VOC (volatile organic compounds) paints; portable bottled water containers; and biological pesticides and fertilizers. Thanks to a massive campaign from Wal-Mart during 2007 and intensive promotion by local utilities, purchases of CFLs top the list, followed by energy-efficient electronics and appliances, and natural/organic foods and cleaning products.

As of 2008, U.S. consumers invested an estimated \$290 billion in a wide range of products and services representing such sectors as organic foods,

Figure 1.3 **Green purchasing behavior**

% U.S. adult population indicating they have purchased products within the last 3 years,¹ 12 months,² 6 months,³ 3 months,⁴ and those that own/lease a hybrid vehicle.⁵



natural personal care, ENERGY STAR-labeled appliances, hybrid cars, ecotourism, green home furnishings and apparel, and renewable power, up from \$219 billion in 2005.¹² This market will only magnify over time, reflecting further advancements in design and technology and an ever-expanding range of high-quality green products with trusted brand names that are readily accessible at mass merchandisers and supermarkets.

Interest in green shopping holds steady, even in a recession; indeed, some recession-driven behaviors are making green downright fashionable: 67% of Americans agree that “even in tough economic times, it is important to purchase products with social and environmental benefits.”¹³ It’s one thing to express interest verbally, and another to demonstrate interest with one’s credit card. While all shopping, including green, has been hit hard by the recession, many classes of green products have fared remarkably well, thanks in part to the health and cost-saving benefits that they bestow. For instance, according to the Organic Trade Association, in 2008 organic food sales grew by 15.8% to reach \$22.9 billion (accounting for 3.5% of all food products sales in the U.S., up from 2.8% in 2006). Sales of organic non-foods (organic fibers, personal-care products, and pet foods) grew by 39.4% to \$1.6 billion.¹⁴ Burt’s Bees, the line of natural cosmetics now owned by Clorox, continued to rack up annual sales of \$200 million despite recessionary times.¹⁵ During its 2008 market debut, Clorox’s Green Works line of natural cleaning products grabbed \$123 million in sales, representing a leading share of this burgeoning market, while Seventh Generation’s sales of household products grew by more than 20% in 2009 over the previous year to \$150 million – and will only multiply with distribution in Wal-Mart, announced in the summer of 2010. Toyota’s fuel-efficient Prius sold at a brisk 140,000 vehicles in the U.S. in 2009, while Honda, who make a fuel cell vehicle and a natural gas Civic, reintroduced the Insight during fall 2009 with the goal of selling 500,000 units worldwide by early next decade.¹⁶ And in 2008, General Electric saw a 21% gain in revenue for its portfolio of environmentally sustainable consumer and industrial products, to \$17 billion.

Sensing the opportunities are now ripe for picking (and likely fearing that greener competitors will steal their lunch), mainstream consumer-products giants are introducing new green brands. They are skewing advertising dollars, beefing up their websites and quickly getting up to speed on the latest social media networks to educate their own eco-aware consumers about the environmental benefits of their products. Some notable examples include: Kimberly-Clark’s Scott Naturals (household paper products made from recycled material), Reynolds Wrap foil made from 100% recycled aluminum, and Church & Dwight’s Arm & Hammer Essentials laundry prod-

ucts. Having spent the past 20 years addressing consumer concerns mostly via reduced packaging, the mighty Procter & Gamble (P&G) have themselves started to play by the new green rules. They have pledged to develop and market by 2012 at least \$20 billion in cumulative sales of “sustainable innovation products,” which they define as “products with a significantly reduced environmental footprint versus previous alternative products.”¹⁷ Toward that end, in spring 2010, they inaugurated in the U.S. a multi-brand, multi-platform green campaign dubbed “Future Friendly.” Its goal is to place their greenest offerings in 50 million U.S. homes by year-end. The effort, started in the UK and Canada in 2007, will be bolstered by educational messages conducted with conservation groups and will feature P&G brands such as Duracell Rechargeable batteries, Tide HE (high-efficiency) laundry powder and Tide Coldwater, and PUR water filtration products.¹⁸ As the manufacturer of several billion-dollar brands, P&G’s campaign builds on research showing that consumers are looking to understand how the brands they already know and trust can help them reduce their impact on the environment.

Another sign that the rules are rapidly changing: well-established mass marketers are also now acquiring leading sustainable brands with the adjudged potential for mass-market expansion. Just a few examples include The Body Shop (acquired by L’Oréal), Stonyfield Farm (now 40% owned by Danone), Tom’s of Maine natural personal-care products (Colgate-Palmolive), Aveda cosmetics (Estée Lauder), Green & Black’s organic chocolates (Cadbury, now part of Kraft), Ben & Jerry’s ice cream (Unilever), Cascadian Farm cereals (General Mills) and Burt’s Bees personal-care line and Brita water filters (Clorox).

Expect more supermarket shelves to be lined with green choices in the future. In 2007, the U.S. Patent and Trademark Office saw more than 300,000 applications for green-related brand names, logos, and tag lines. According to Datamonitor, as of April 2009, there were more than 450 sustainable product launches for the year, on track to represent triple the number of launches in 2008, which was in itself more than double those in 2007.¹⁹ Retailers are demanding greener alternatives from their suppliers and are giving greener products preferential shelf treatment. Leading the charge is the Sustainability Consortium Wal-Mart announced during the summer of 2009, and formed in conjunction with the University of Arkansas and Arizona State University. The Consortium is tasked to understand the best way to label products with life-cycle-based data to inform consumer purchase decisions – no doubt raising the green bar for the products they stock in the future.

Finally, over \$4 billion in venture capital – more than ever before – is being invested in the cleantech industry to support the development of solar and wind, biofuel, geothermal, and other renewable alternatives to fossil fuels.²⁰ More money is being invested in renewable energy than for conventional power, and cleantech is now the largest U.S. venture capital category, representing 27% of all venture funds.

Media turns green

Green stories now run in all sections of the *New York Times* and the *Washington Post* and other major dailies each day, and are featured on the covers of *Vanity Fair*, *Newsweek*, *Wired*, and the *Sunday New York Times Magazine*, among many others. Big-budget ad campaigns such as those for Apple's "Greenest Laptops," Kashi cereals' "Seven Whole Grains on a Mission," and Scott Naturals' "Green Done Right" run on primetime television. Discovery Channel, Planet Green, Sundance, and other eco-cable channels target the sustainability-aware viewer. At NBC, attention is paid to green via the special programming and "Green is Universal" campaign. With nearly five million subscribers, *Good Housekeeping* magazine has even introduced its own green seal accompaniment to its venerable Good Housekeeping seal. Such organizations are not only committed to addressing the green interests of their viewers and readers, they are greening themselves, some through the Open Media and Information Companies (Open MIC) initiative dedicated to making corporate management practices of the media industry more transparent and responsible.²¹

Many of the uncountable daily messages and images that fan the mainstream consumer's green lifestyle are supported behind the scenes by the Environmental Media Association (EMA), a Hollywood-based nonprofit group with the goal of securing primetime television and movie exposure for the environment. Helping EMA to paint green as cool, accessible, and something people want to emulate, are many Hollywood celebrities including Bette Midler, Brad Pitt, Julia Louis Dreyfus, Cameron Diaz, Leonardo DiCaprio, and the father of Hollywood green, Ed Begley Jr., who among other celebrities walked the green carpet from his Toyota Prius into the Academy Awards in 2006.

Meanwhile the Internet is fast changing the media landscape, becoming the interactive medium for information-seeking aware consumers. Websites such as Discovery's treehugger.com and greenamerica.org empower visitors

with the latest new green products and green living tips. Do an Internet search of the words, “green,” “environment,” or “eco” and you will find that entire communities of tweeters and bloggers are passing along trusted recommendations about which products to buy and which companies to trust. Is your sustainable brand part of this digital conversation? (See the Further Information section on page 199 for the names of more consumer-focused websites and media.) Finally, according to J.D. Power & Associates, conversations on sustainability-related blog posts and discussion boards more than doubled between January 2007 and December 2008. By the end of 2008, more than 70% of online contributors indicated that they were concerned about the environment and nearly half reported that they were actively doing something about it: e.g., driving less, recycling – and buying green products.²²

Governments take action

Any politician who believes that green is inconsistent with a robust economy may soon be unelectable. In stark contrast to the Bush administration, which failed to lead on global climate change and many other key environmental matters, the Obama administration is fast changing the green rules by making green jobs, green energy, and green infrastructure a focal point of its national agenda. Among its first out-of-the-box initiatives: the 2009 Economic Stimulus Package, which included more than \$30 billion in funding focused on energy efficiency grants for state and local budgets, weatherization for low-income housing, retrofitting and modernization of federal buildings, investments in the “smart grid” for electrical power, and “clean coal” carbon capture and sequestration projects. The highly successful Cash for Clunkers program launched in July 2009 aimed to take inefficient, high-emission cars off the road and to stimulate the struggling automobile industry through the purchase of newer, more fuel-efficient cars. A special White House office for green jobs spearheads a national initiative that actively works to educate, train, and prepare a labor force prepared for tomorrow’s green technologies.

Although mostly symbolic in nature, it is still telling that in one of her first acts as First Lady, Michelle Obama planted a “slow food” garden at the White House to help educate Americans about the benefits of healthy, locally grown fruits and vegetables.

In response to Americans' sustainability concerns, leaders at the municipal, state, and federal levels are creating more sustainable cities and towns characterized by more green spaces for city dwellers and reduced inner-city congestion (e.g., closing Broadway to traffic in New York City); bike paths and hiking trails built over old railroad tracks (including New York City's new High Line); mandated hybrid taxis and natural gas "clean air" buses; composting by residents (in San Francisco among others); and giving a boost to farmers' markets and community-supported agriculture.

With a history of internal mandates on green purchasing, governments at all levels are now taking steps to skew the mammoth consumer economy toward a greener shade by creating (or promoting more established) eco-labels that favor energy-efficient (ENERGY STAR), organic (USDA [U.S. Department of Agriculture] Organic), and water-efficient (WaterSense) goods; and as of this writing, the USDA is readying a voluntary consumer label to accompany its BioPreferred program for federal purchasing of biobased products. If California's Senator Dianne Feinstein has her way, the U.S. will one day soon have a multi-attribute eco-label resembling Europe's Eco Flower, Japan's EcoMark, and Brazil's "Qualidade Ambiental."

The specter of rising sea levels is fast changing the rules in the many cities that have banned bottled water (whose transportation-related fuel use is now linked to global warming), from government meetings or are incentivizing the construction or upgrade of green buildings and the products (office equipment, carpeting, etc.) that furnish them. With an eye toward reducing greenhouse gas emissions linked to energy generation, many government buildings must now be benchmarked according to the EPA's ENERGY STAR building guidelines or meet the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification.

Far-reaching business opportunities

Consumer demand for greener products and services creates opportunities for businesses to promote their greener offerings, and introduce profitable new ones, all the while building their top-line sales, enhancing their image, and bolstering the morale of employees newly engaged in a higher purpose.

Higher profits

Polls indicate that consumers are willing to pay a premium for green. However, empirical evidence is demanded by skeptical businesspeople to justify the investments in new technology, special materials or ingredients, and high start-up costs of introducing new greener products. A key new rule of green marketing: people will now pay a premium for such brands as Aveda, Burt's Bees, Method, Stonyfield Farm, and Toyota Prius, all discussed in this book, indicating that today's consumers have higher expectations for the products they buy and that environmental soundness is a new dimension of quality. To the extent that businesses can meet or exceed these new consumer expectations, they will enhance their products' image and ability to command a premium.

According to the old rules, consumers didn't expect ecologically preferable products to work well. However, as will be demonstrated throughout this book, and specifically in Chapter 4, thanks to advances in technology, today's greener products work far better than their predecessors that languished on health food retailer shelves; by definition, the current crop of greener products are perceived as healthier, less toxic, and capable of saving time and money, as well as contributing to a sustainable future. Just a few examples: faucet aerators and water-saving showerheads help slash water and energy bills, concentrated laundry detergents can be carried and stored with greater ease, and non-toxic cleaning products, pest control, and garden products are viewed as safer for children and pets.

Some greener products appeal to consumers for many reasons, suggesting the potential to win over more than one segment of the now enormous

Figure 1.4 **Green products offer mainstream benefits**

Product category	Consumer benefits
CFL lightbulbs	Save money, last longer
Hybrid cars	Quiet ride, fewer fill-ups, status
Natural cleaners	Safety, peace of mind
Organic produce	Safety, better taste
Recycled paper	Save money
Car sharing	Convenience, save money
Solar-powered cellphones	Extended use

market for green. Own a hybrid? You might because it's more fuel-efficient, but chances are you want to eventually save money (beyond the purchase premium) or to make fewer trips to the filling station. You may also want to drive in the HOV (High Occupancy Vehicle) or just to look good while tooling around town. And so it goes with so many other greener products, as demonstrated in Figure 1.4.

Expect the genuine value-added benefits of superior performance, convenience, cost savings, and increased health and safety to continue to propel the mass market for eco-inspired products in the years and decades ahead.

New source of innovation

Historically, going green helped to unearth efficiencies that beefed up a company's bottom line. Under the new rules, businesses are discovering the even more attractive eco-opportunity for innovation that boosts top-line revenues. That's because green means doing things differently. As will be demonstrated in Chapter 5, proactive companies are inventing new greener technologies, new business models, and new designs that are capturing media attention, grabbing new customers, and establishing a competitive advantage – if not changing the rules of the game altogether. Examples abound. Zipcar, the new time-sharing scheme for cars, is changing the models for vehicle ownership, leasing, and rental. Toyota's Prius has reawakened a truck- and SUV-focused Detroit to the future-saving possibilities of hybrid-engine vehicles, and a new generation of electric cars and fuel cells is right on Toyota's tail. Cargill's NatureWorks is proving that plastics don't have to rely on fossil fuels and can be recyclable and compostable as well. And "smart grid" technology, coupled with in-home energy meters and web-based monitoring systems, is creating exciting new business opportunities springing from increased consumer awareness about the ability to save money through efficient resource management.

The time for marketers to act is now

The condition of the environment is expected to worsen in the years and decades ahead. Despite conflicting reports and opinions, most scientists still predict that the average temperature will rise between 1.8 and 4.0 degrees Celsius during the 21st century due solely to the burning of fossil fuels.²³ By 2030, climate-change-induced calamities alone are projected to account for 500,000 deaths and \$340 billion in damages, up from 315,000 and \$125 bil-

lion today.²⁴ The fast-developing BRIC economies of Brazil, Russia, India, and China now attempt to meet their own escalating resource demands and will no doubt put further pressure on commodities. Over the past 50 years, fresh water consumption around the world has tripled;²⁵ it is projected that, by 2025, two-thirds of the world's people will not have access to potable water.²⁶

Green touches the lives of all people around the globe. Businesses cater to myriad stakeholders, including customers, investors, and employees; so industry leaders that are sensitized to the new rules are greening up their products and processes. They know that projecting a company's image as a leader and an innovator, as well as being socially and environmentally aware, can only be positive. Influential customers want to do business with companies that have established their green credentials, so companies are launching hefty advertising and web campaigns, publishing extensively documented sustainability reports, cooperating with external sources to communicate transparently, and communicating their efforts internally.

Pick up any copy of *Fortune* or *BusinessWeek* or tune into a TV news program and you will likely see advertisements for multinational companies that are spending millions to project their commitment to sustainability and to create awareness for exciting new products and technologies: Dow Chemical's The Human Element campaign portrays its ability to address pressing global economic, social, and environmental concerns. Chevron's Human Energy campaign advocates for energy efficiency. General Electric's Ecomagination campaign underscores its commitment to solve pressing environmental problems while driving profitable growth through the development of more efficient jet engines, wind turbines, major appliances, and other technologies. Underscoring social benefits, SC Johnson takes great pains to let you know it is A Family Company while Toyota communicates its interest in enriching the community and being a good neighbor via its campaign We See Beyond Cars. Although some campaigns may be questionable (should General Electric be advocating "clean coal" technology? And few would argue now that BP's Beyond Petroleum campaign was markedly premature in light of the Gulf Oil spill and other recent environmental transgressions), the fact remains that companies now recognize opportunities and are attempting to seize them.

Communicating a company's embrace of sustainability can enhance corporate equity since investors seek to reduce risk and many "socially responsible" investors want to align their values with their savings. Recog-

nizing the opportunity, more and more companies are communicating their green mission and progress. For example, according to a study conducted by SIRAN, a working group of the Social Investment Forum, as of 2007, 49 of the Standard & Poor's 100 issued sustainability reports, up 26% from 2005; and by 2008, 86 out of 100 had special websites detailing their efforts to address the triple bottom line – social, environmental, and economic – of sustainability, compared to 58 in 2005.²⁷ These reports often detail progress related to sustainability performance aligned with standards produced by the Global Reporting Initiative, along with glowing mentions of coveted green awards – credible third-party demonstrations of environmental and sustainable excellence. For instance, a list of winners of the World Environment Center's annual Gold Medal Award reads like a Who's Who of Corporate America: the Coca-Cola Company, Starbucks Coffee Company, S.C. Johnson & Son Inc., the Procter & Gamble Company, and IBM number among their ranks. Dozens of companies representing over 50 product categories have cherished their nod as U.S. EPA's "ENERGY STAR Partner of the Year," indicating their willingness to work positively with government to foster energy efficiency. Some companies, like our client Bissell ("Get a Little Greener" site), Patagonia ("ecofootprint" site), and IKEA Canada ("The IKEA Way"), have special websites with detailed information for consumers.²⁸

On the product front, the Industrial Designers Society of America (IDSA) bestows special Industrial Design Excellence Award (IDEA) prizes that have been won by Nike, Timberland, Herman Miller, and many other leaders for eco-innovative product designs. Some examples are listed in Figure 1.5.

Figure 1.5 **IDEA award winners for design excellence**

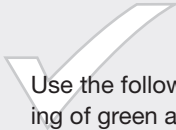
Company	Product
Dell	Studio hybrid eco-conscious PC
Herman Miller	Leaf Lamp energy-efficient LED light
Nike	Trash Talk recycled shoe
Tesla	Roadster electric car
Timberland	Mion footwear
Tricycle	SIM carpet sample simulator

Finally, special green “Effies” – the advertising industry’s Oscar equivalent for campaign effectiveness – have been awarded to General Electric (GE) (“Ecomagination”), our client HSBC (“There’s No Small Change”), Wal-Mart (“Personal Sustainability Project”), and Frito-Lay’s SunChips (“Compostable Bag”).

Personal rewards, too

The rules are also changing as to what constitutes personal satisfaction at work. With customers and stakeholders of all stripes, from employees and plant neighbors to legislators and NGOs, clamoring for businesses to embrace sustainability in their products and their processes, smart CEOs know that sustainability offers a rare opportunity to integrate one’s own values and vision into the workplace – and, as demonstrated by the ardor of the Gen Ys for work that balances making a living with making a difference, this is becoming essential in recruiting future generations of capable employees. Sustainable branding helps take that vision to one’s customers through the prism of products that are more in sync with nature and via communications that are more in tune with consumers’ own evolving values – all the while affording the unique opportunity to personally contribute to a brighter future for our children and grandchildren and sustain human life on the planet for generations to come.

Grasping the new rules of green marketing starts with an in-depth understanding of how today’s mainstream green consumers differ markedly from yesterday’s fringe activists in attitudes, behaviors, lifestyle, and corporate expectations. Let’s start by discussing the full range of issues that concern today’s consumers, their green purchasing motivations and behavior, and how this total broad swatch of consumers can be segmented for green marketing purposes – the subjects of the next chapter.



The **New Rules** Checklist

Use the following checklist to test your understanding of the mainstreaming of green and the need for your business to respond now.

- Is there an awareness within our company of the true extent of environmentalism within society today?
- What are the top environmental issues of concern to our consumers? Shareholders? Employees? Suppliers? Retailers? Community?
- What is our top environmental risk? Is there a PVC, BPA, or other chemical scare lurking in our brand's future?
- What are the natural resources that our brands depend on – and what are the long-term projections for their availability?
- To which generations do our consumers belong and what are the unique ways in which they express their environmental and social concerns?
- To what extent do environmental issues affect the way consumers engage with our brand and the products in our category in general?
- To what extent are our consumers politically and socially active about environmental issues?
- How has environmentalism affected the shopping habits of our consumers? What types of greener products and services are our consumers buying these days?
- What are our competitors' key sustainability-oriented initiatives? To what extent are they introducing or possibly acquiring new sustainable brands?
- What are the key sources of sustainability-related information on which our consumers rely?
- Which environment-oriented legislators and legislative initiatives affect our business?
- What opportunities do we have to grow our sales and enhance our image through greener products and green marketing campaigns?
- What personal rewards in going green might be meaningful in enlisting the support of colleagues and stakeholders in our company's sustainability efforts?